

JUN 30 2015

Response Line 510
Albion Telephone Company, Inc.
Study Area 472213

FCC Mail Room

Voice Network

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Albion Telephone Company, Inc. ("ILEC") is in compliance with appropriate FCC Service Quality Standards and Consumer Protection Rules. ILEC provides CPNI training to all of its new employees and in addition trains all of its existing employees on an annual basis. ILEC also conducts subscriber outreach regarding CPNI by placing CPNI explanation onto its website at www.atcnet.net which informs subscribers about CPNI rules and explains Idaho Public Utility commission rules regarding customer relations. In addition ILEC trains staff on Red Flag issues on an annual basis. All company employees are required to sign and acknowledge that they have completed CPNI and Red Flag training and understand obligations to adherence of applicable rules.

ILEC also outlines its rates, terms, and conditions under which ILEC offers service in its Local Exchange Tariff. The tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. ILEC keeps its tariffs available for public inspection at its business offices.

Broadband Network

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Albion Telephone Company, Inc. ILEC is in compliance with applicable FCC Service Quality Standards and Consumer Protection Rules. ILEC trains staff on applicable rules for broadband services issues on an annual basis. In addition ILEC has placed on its website at www.atcnet.net its network practices and policies regarding FCC's Net Neutrality Rules.

ILEC also outlines its rates, terms, and conditions under which ILEC offers Broadband service in NECA Tariff #5 to Internet Service Providers ("ISP"). The Tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Public Inspection of NECA Tariff #5 can be found on NECA's website. Retail DSL rates, terms, and conditions for retail services are provided by the ISP.

Response Line 610
Albion Telephone Company, Inc
Study Area 472213

Received & Inspected

JUN 30 2015

FCC Mail Room

Functionality in Emergency Situations:

Voice Network

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Albion Telephone Company, Inc. ("ILEC") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to ILEC central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power. In addition, ILEC field electronics have 8 to 12 hours of back-up power by use of generators and batteries. ILEC also has ERP, SONET, DWDM, and MPLS technology deployed in its core fiber optic network that is a self-healing and will automatically reroute traffic should a fiber cut occur. ILEC has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. ILEC also has proper staff in place to repair any fiber cuts in a timely manner. ILEC has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. ILEC has developed and trained its staff on network preparedness plans in case of emergency situations. ILEC is prepared and capable of managing traffic spikes resulting from emergency situations and has sufficient switching capabilities to handle such situations.

Broadband Network

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Albion Telephone Company, Inc. ("ILEC") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to ILEC central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power that is also used to provide service to the broadband network. In addition, ILEC field electronics have 8 to 12 hours of back-up power by use of generators and batteries. ILEC also has ERP, SONET, DWDM, and MPLS technology deployed in its core fiber optic network that is a self-healing and will automatically reroute broadband traffic should a fiber cut occur. ILEC has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. ILEC also has proper staff in place to repair any fiber cuts in a timely manner. ILEC has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. ILEC has developed and trained its staff on network preparedness plans in case of emergency situations.

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	472213
<015>	Study Area Name	ALBION TEL CO-ATC
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com

<701>	Residential Local Service Charge Effective Date	1/1/2015
<702>	Single State-wide Residential Local Service Charge	

<703>

<a1>	<a2>	<a3>	<b1>	<b2>	<b3>	<b4>	<b5>	<c>
State	Exchange (ILEC)	SAC (CETC)	Rate Type	Residential Local Service Rate	State Subscriber Line Charge	State Universal Service Fee	Mandatory Extended Area Service Charge	Total per line Rates and Fees
ID	ALBION		FR	25.76	0.0	0.16	0.0	25.92
ID	ALBION 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ALBION 2		MS	16.0	0.0	0.16	0.0	16.16
ID	ALMO		FR	25.76	0.0	0.16	0.0	25.92
ID	ALMO 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ALMO 2		MS	16.0	0.0	0.16	0.0	16.16
ID	ARCO		FR	25.76	0.0	0.16	0.0	25.92
ID	ARCO 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ARCO 2		MS	16.0	0.0	0.16	0.0	16.16
ID	ELBA		FR	25.76	0.0	0.16	0.0	25.92
ID	ELBA 1		MS	16.0	0.0	0.16	0.0	16.16
ID	ELBA 2		MS	16.0	0.0	0.16	0.0	16.16
ID	HOLBROOK		FR	25.76	0.0	0.16	0.0	25.92
ID	HOLBROOK 1		MS	16.0	0.0	0.16	0.0	16.16
ID	HOLBROOK 2		MS	16.0	0.0	0.16	0.0	16.16
ID	HOWE		FR	25.76	0.0	0.16	0.0	25.92
ID	HOWE 1		MS	16.0	0.0	0.16	0.0	16.16
ID	HOWE 2		MS	16.0	0.0	0.16	0.0	16.16
ID	MACKAY		FR	25.76	0.0	0.16	0.0	25.92
ID	MACKAY 1		MS	16.0	0.0	0.16	0.0	16.16
ID	MACKAY 2		MS	16.0	0.0	0.16	0.0	16.16

(700) Price Offerings including Voice Rate Data
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code 472213

<015>	Study Area Name	ALBION TEL CO-ATC
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<020>	Program Year	2016
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<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
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<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
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<039> Contact Email Address - Email Address of person identified in data line <030> jlaumb@atccomm.com

1/1/2015

<703>

[illegible]

(710) Broadband Price Offerings
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	472213
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<015> Study Area Name	ALBION TEL CO-ATC
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<020> Program Year	2016
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<030>	Contact Name - Person USAC should contact regarding this data	Julie Laumb
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<035>	Contact Telephone Number - Number of person identified in data line <030>	2086735335 ext.
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jlaumb@atccomm.com
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[illegible]

Response to Line 1010
Albion Telephone Company, Inc.
472213

Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Albion Telephone Company, Inc. ("ATC") is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$47.48 as specified in Public Notice DA 15-470 issued on April 16, 2015. ATC's current total local end-user rate¹ of \$25.92 (which includes a local fee of \$0.00, mandated state fees of \$0.16 and mandatory extended area service charges of \$0.00) is not above the standard deviation as specified in the USF/ICC Transformation Order.²

¹ Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

² USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) "The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average."

Response to Line3010
Albion Telephone Company, Inc.
472213

Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) Albion Telephone Company, Inc. ("ATC") provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 4 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 15-470, and that requests for such service are met within a reasonable amount of time. Details for how ATC is meeting its obligations for meeting its goals and required obligations are specified within the FCC Form 481 annual filing.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Albion Telephone Company (Prepared with Audited Data)	
INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.	PERIOD ENDING December, 2014	BORROWER DESIGNATION ID0504

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.
ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
 (Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Richard Redman

3/16/2015

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			26. Accounts Payable		
2. Cash-RUS Construction Fund			28. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (26 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Recaptured Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-In-Service			51. Cap. Stock Outstanding & Subscribed		
19. Property Held for Future Use			52. Additional Paid-In Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

REDACTED FOR PUBLIC INSPECTION

USDA-RUS		BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		ID0504
INSTRUCTIONS -- See help in the online application.		PERIOD ENDED December, 2014
PART I -- STATEMENT OF CASH FLOWS		
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES		
2. Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>		
3. Add: Depreciation		
4. Add: Amortization		
5. Other (Explain) Change in Accrued Property Tax		
<i>Changes in Operating Assets and Liabilities</i>		
6. Decrease/(Increase) in Accounts Receivable		
7. Decrease/(Increase) in Materials and Inventory		
8. Decrease/(Increase) in Prepayments and Deferred Charges		
9. Decrease/(Increase) in Other Current Assets		
10. Increase/(Decrease) in Accounts Payable		
11. Increase/(Decrease) in Advance Billings & Payments		
12. Increase/(Decrease) in Other Current Liabilities		
13. Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES		
14. Decrease/(Increase) in Notes Receivable		
15. Increase/(Decrease) in Notes Payable		
16. Increase/(Decrease) in Customer Deposits		
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20. Less: Payment of Dividends		
21. Less: Patronage Capital Credits Retired		
22. Other (Explain)		
23. Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
24. Net Capital Expenditures (Property, Plant & Equipment)		
25. Other Long-Term Investments		
26. Other Noncurrent Assets & Jurisdictional Differences		
27. Other (Explain) Net Retirement of Assets		
28. Net Cash Provided/(Used) by Investing Activities		
29. Net Increase/(Decrease) in Cash		
30. Ending Cash		

Revision Date 2010

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MOSS ADAMS LLP
Certified Public Accountants & Business Consultants

REPORT OF INDEPENDENT AUDITORS

Received & Inspected

JUN 30 2015

The Board of Directors
Albion Telephone Company, Inc.

FCC Mail Room

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Albion Telephone Company, Inc. (Company) and subsidiary, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Syringa Networks, LLC, the investment in which, as discussed in Note 2, is accounted for by the equity method of accounting. The investment in Syringa Networks, LLC was [REDACTED] and [REDACTED] as of December 31, 2014 and 2013, respectively, and the equity in its net income was [REDACTED] and [REDACTED] respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Syringa Networks, LLC is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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REPORT OF INDEPENDENT AUDITORS
(continued)

Received & Inspected

JUN 30 2015

FCC Mail Room

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Albion Telephone Company, Inc. and subsidiary as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, on our consideration of Albion Telephone Company, Inc. and subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Albion Telephone Company, Inc. and subsidiary's internal control over financial reporting and compliance.

Moss Adams LLP

REDACTED FOR PUBLIC INSPECTION

Spokane, Washington
March 3, 2015

Albion Telephone Company

2014 Audit Exit Memo

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Another great year!

- Another great year for the accounting team. We know it takes a lot of time and effort to be prepared and appreciate the hard work by everyone to make it happen.

Received & Inspected

JUN 30 2015

2014 AUDIT COMMENTS

Fully depreciated plant

The majority of ATC's circuit equipment is either fully depreciated or will be within the next two years. As assets become fully depreciated, new assets also become fully depreciated in a short period of time which prevents you from including the assets in rate base for the full life of the asset. As you plan major upgrades in the next few years, we recommend you consider sub-accounts for the newer assets which will prevent them from depreciating quickly. We also recommend that you review the CPR's for all the assets that should be retired. A small plant base will slow down the new assets becoming fully depreciated.

FCC Mail Room

AFUDC

With construction being lighter in the last few years, ATC hasn't recorded AFUDC on construction projects as the amounts weren't significant. With the capital expenditures planned for the next couple of years, the amount of AFUDC that should be recorded will likely be much more significant. We recommend this be monitored and recorded as appropriate. Companies generally calculate AFUDC on work orders that are expected to cost more than \$100,000.

Internal control testing

The purpose of our audit was to express an opinion on the financial statements and not to express an opinion on the effectiveness of internal control. That said, our audit procedures included consideration of internal control over financial reporting and procedures to test the effectiveness of internal controls that impact other procedures we perform to complete the audit.

Adjusting journal entries identified during the audit (and attached to this memo) are generally linked to a control deficiency.

- o We have reviewed the cause of all proposed and actual adjusting journal entries and determined that they do not rise to the level of significant deficiencies or material weaknesses.

REDACTED FOR PUBLIC INSPECTION

Albion Telephone Company

2014 Audit Exit Memo

MOSS-ADAMS LLP

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Received & Inspected

NEW RULES, DEVELOPMENTS AND ACCOUNTING ALERTS

JUN 30 2015

New revenue recognition standard

FCC Mail Room

In May of 2014, the FASB released ASU 2014-09, *Revenue from Contracts with Customers*, to clarify the process of recognizing revenue, provide a framework for addressing revenue issues and to improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The rules affect any entity that enters into a contract with customers to transfer goods or services. This represents a broad category and will include many telecommunications companies that enter into service contracts with customers (i.e. wireless service agreements for handset discounts) or contracts with other customers or carriers for transport or access services where there is a commitment to provide a specific type of service over a defined period of time.

The new standard provides a framework for consistently assessing revenue recognition that may be different from current practices, particularly when there is more than one element associated with the customer contract.

While the new rules will not go into effect until 2017, it may require a fair amount of advance planning and analysis to determine the impacts on your company's operations. We work with you over the next year or so to identify areas of your business that may be subject to the new rules.

Access arbitrage

With the structured reduction of terminating state and interstate carrier access rates under the new regulatory regime, there is incentive for carriers paying the rates to report traffic as terminating rather than originating. We are recommending that companies implement an internal control to monitor the ratio of terminating access to originating access so unusual and unexplained fluctuations in traffic patterns can be identified and resolved. While this will not impact the bottom line for interstate carrier access due to the NECA settlements and pooling process, improperly classified originating access would most likely be underbilled to the carriers and could unnecessarily reduce support from the Connect America Fund.

USAC/FCC audit update

Last year, USAC began to conduct full audits under the Beneficiary/Contributor Audit Program (BCAP). BCAP is the successor oversight program to the FCC OIG audits conducted in three waves from 2007 to 2010 and represents the USAC's long-term plan for oversight of companies that contribute to and receive funding from the Universal Service Fund. USAC will be significantly expanding this program during 2015 and conducting substantially more audits next year and in the future.

The audits will be performance audits rather than attestation examinations, which should lead to a more efficient process that is less invasive. Performance audits also allow auditors to focus on certain areas of carriers' operations with greater risk for errors or noncompliance with FCC rules.

We anticipate that the following areas will be considered high risk and will receive significant attention from the auditors conducting the work:

Continuing property records

FCC Form 499-A

Separations study adjustments

Part 64 allocations

Affiliate transactions

CO equipment classification

While we perform procedures on some of these areas as part of our financial statement audit, we recommend that the Company review the processes, outputs and controls around each of these high risk areas. Received & Inspected

Income Tax Comments

JUN 30 2015

Accelerated tax depreciation

FCC Mail Room

After much deliberation, Congress decided just before the end of the year to extend the provisions allowing 50% bonus depreciation and increased Section 179 expensing limits for the 2014 tax year. If your company's estimated tax deposits were calculated without the increased bonus deductions, you could be eligible for a refund of those taxes. This refund can be claimed on an expedited application if filed by March 15th, 2015. Otherwise it will be claimed when the tax return is filed. Our tax team will contact you to determine if you are eligible and calculate the amount of the potential refund.

The Moss Adams Advantage

Expanded services and footprint

In January of 2015, we acquired the regulatory consulting and compliance practice of CHR Solutions. In addition to giving us a physical presence with offices in Dallas and Austin, TX, the combination will allow us to provide additional specialized regulatory consulting services that we did not have the experience to provide prior to the combination. We can separately provide you a summary of these new services, but following are a couple of key regulatory compliance issues to consider in 2015.

FCC Form 481 Annual Report: There are new requirements for 2015 that will make the Form 481 more complicated than prior years. Specifically, the FCC has implemented network upgrade mapping and broadband reporting requirements for 2015 and beyond.

FCC Form 477 Broadband Reporting: The FCC continues to make changes to the Form 477, requiring additional detail at the census tract and census block level. Of significant importance is the FCC's new reliance on the Form 477 to determine competitive overlap in rate of return study areas.

FCC Special Access Data Request: The FCC has implemented a detailed data request for providers and purchasers of special access services in price cap territories, which could impact many rural carriers and their CLEC affiliates. This is a first time data request and requires specific information on circuits and pricing, including network mapping. The data request is due on February 27, 2015. Companies that are not required to complete the data collection must submit a certification of exemption.

Lifeline Reporting: The FCC will soon begin audits of lifeline reporting by providers of services, including the FCC Form 555. We have discovered some common errors made by many reporting carriers that may result in findings that companies should be aware of. A review of the Form 555 may be a good precautionary measure.

Albion Telephone Company

2014 Audit Exit Memo

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

Received & inspected

JUN 30 2015

FCC Mail Room

CAF/ICC True Up & Forecast: NECA's annual CAF/ICC True Up and Forecast is rapidly approaching, with the initial due date in April and a final submission in May. This filing provides historical and projected information on switched access minutes of use and revenues associated with the FCC's reform of interstate switched access and intrastate originating switched access. Due to some issues in last year's filing, NECA will look more closely at the reporting of exogenous costs. In addition, information on double recovery from the 2013 cost study is required with this filing.

New training opportunities

We are developing two new courses for our Las Vegas seminar program based on feedback we have received from our clients and seminar participants. Both courses will be presented as part of our 2015 curriculum.

Interstate revenues: One of our new courses is a seminar on analyzing and accounting for interstate revenues. We have found over the years that many companies struggle with understanding the changes in revenues, explaining the variances, and how to estimate future revenues, particularly in an environment where the rules are changing. Our goal with the class is to help de-mystify interstate revenue. The course is designed to be hands-on with all participants using real forms and examples. We want to help accountants better understand how the cost study impacts revenues, how your accounting impacts settlements, and how you can better account for your revenues to catch errors, explain variances and maximize revenue within the framework of the FCC's rules. This course is very different than the cost study classes as we won't be covering the details of how to prepare a cost study.

Special access, dark fiber and private line: This course covers the critical role that special access, private line and other customized network capacity services play in helping carriers compete as well as the issues and opportunities carriers encounter in delivering these services. We'll cover the types of services today's diverse carriers are offering, network elements and configuration, pricing strategies, indefeasible rights of use, wireless backhaul, data centers and reporting and billing challenges. With these services playing a leading role in driving revenue growth, having internal expertise in this area can help companies maximize their opportunities.

Business Continuity/Disaster Recovery

Business continuity and disaster recovery is the process of preparing to respond to, recover from, and resume and restore mission critical functions when faced with crises. Telecommunications networks are subject to a wide variety of potential crises, from power outages to natural disasters, and regardless of the situation customers rely on these networks to cope with the issues at hand. Being prepared to keep the network up and running, or to quickly restore it to operations, is a vital aspect of maintaining customer safety and loyalty, and ensuring the ongoing financial well-being of your organization. Moss Adams has a comprehensive set of business continuity and disaster recovery services that include: reviewing your preparedness and developing a road map, assessing risks and analyzing business impacts, developing an emergency response plan, performing tests of the plan, and regularly maintaining and updating the plan.

Albion Telephone Company

2014 Audit Exit Memo

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Received & Inspected

COMMUNICATION WITH THOSE CHARGED WITH CORPORATE GOVERNANCE

JUN 30 2015

Our responsibility under U.S. Generally Accepted Auditing Standards

FCC Mail Room

Our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Sensitive accounting policies and estimates

- Depreciation, Part 64 adjustments

Difficulties encountered in performing the audit

None

Corrected and uncorrected misstatements

See attached lists.

Disagreements with management

None

Management representations

We have requested certain representations from management that are included in the management representation letter dated as of the report date.

Management consultations with other independent accountants

None

Other audit findings or issues

No significant findings

Internal control deficiencies

No material weaknesses

Items communicated to RUS

No items to report

REDACTED FOR PUBLIC INSPECTION